1Q 2016

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Chief Financial Officer

Analyst conference call
May 11, 2016

Allianz

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Group financial results 1Q 2016

Status quo and ambitions for 2018

1Q 16	2018	
32.5%[1]	5%[1]	EPS Growth
15.7%[2]	13%	RoE Allianz Group
93.3%	94%	P/C CR
52%[2,3]	100%	L/H OEs with RoE ≥10%
2.5%	3.0%	L/H NBM

	1Q 16	2018
Businesses with NPS above market	**50%**[4]	75%
SII interest rate sensitivity	**12%-p**	<11%-p
PIMCO CIR	**64.1%**	60%
IMIX	**68%**[4]	72%
Share of new digital retail products (P/C)	**<10%**[4]	~100%

1) 1Q 16: Growth rate of annualized EPS in 1Q 16 vs. EPS for FY 2015; Ambition for 2018: 3-year CAGR. Annualized figures are not a forecast for full year numbers
2) RoE for 1Q 16 annualized. Annualized figures are not a forecast for full year numbers
3) Weighted by equity (total equity excluding unrealized gains/losses on bonds (net of shadow DAC) and deducting goodwill)
4) Based on latest available data

Status quo and ambitions for 2018

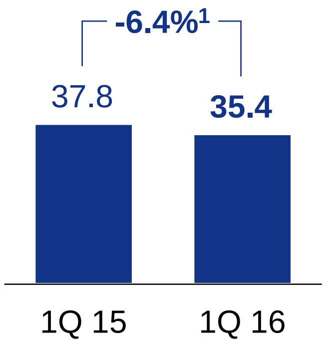
Comments

- **Excellent EPS growth and RoE**
  Impacted by a favorable non-operating result, driven by a high level of realized gains on equities.
- **Very good P/C CR**
  CR below 2018 target and 1.3%-p better than 1Q 2015, mainly driven by 1.7%-p lower NatCat.
- **L/H OEs with RoE ≥10%**
  Share reduced vs. year-end 2015 (65%) driven by three large OEs falling below the 10%-threshold (AZ Life, L/H Italy, Germany Health), which was not fully compensated by two large entities surpassing 10% (L/H France, L/H Benelux). OEs are weighted by equity, therefore a small number of large OEs might cause a relatively high volatility of the KPI.

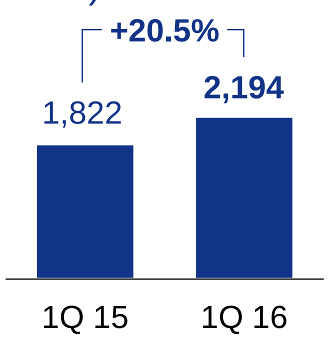
- **New business margin improved**
  More favorable business mix – higher shares of capital-efficient products / protection & health, lower share of guaranteed savings & annuities – and management actions lead to enhanced NBM of 2.5% compared with 1Q 2015 (1.5%).
- **SII interest rate sensitivity**
  Sensitivity to drop of interest rates by 50bps reduced from 14%-p end of 2015 to 12%-p end of 1Q 2016 as a result of de-risking actions.
- **PIMCO CIR**
  Expected improvement in 2H 2016 due to higher performance fees.
- **NPS / IMIX / digital products**
  No update versus end of 2015.

Group: good start into the year

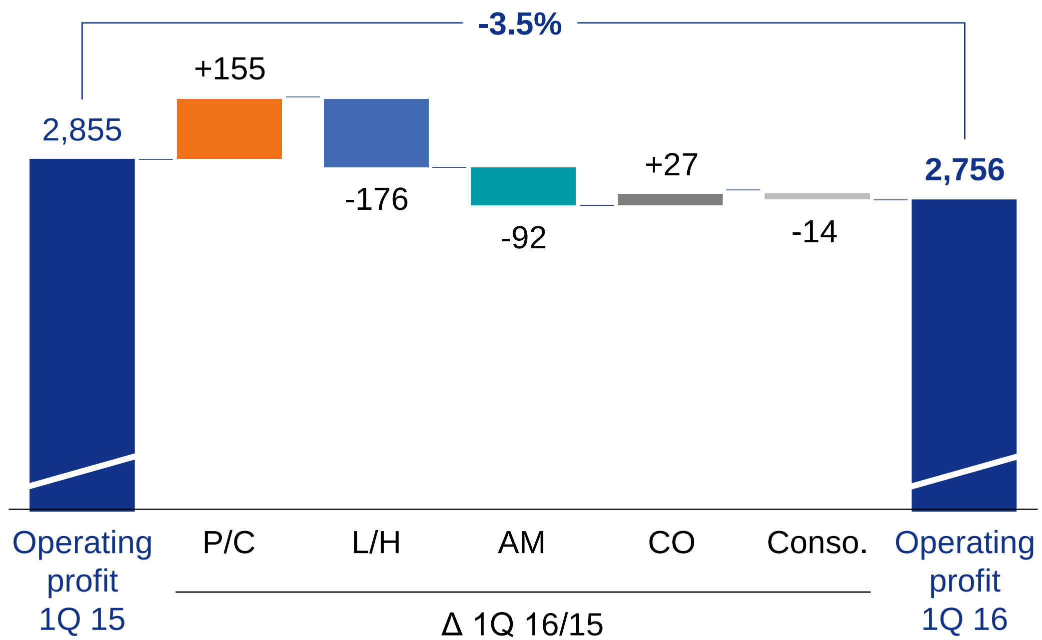
Total revenues
(EUR bn)



Shareholders' net income
(EUR mn)



Operating profit drivers (EUR mn)



	P/C	L/H	AM	CO	Conso.
1Q 16	1,439	927	463	-74	0
1Q 15	1,285	1,104	555	-101	13

1) Internal growth of -4.9%, adjusted for F/X and consolidation effects

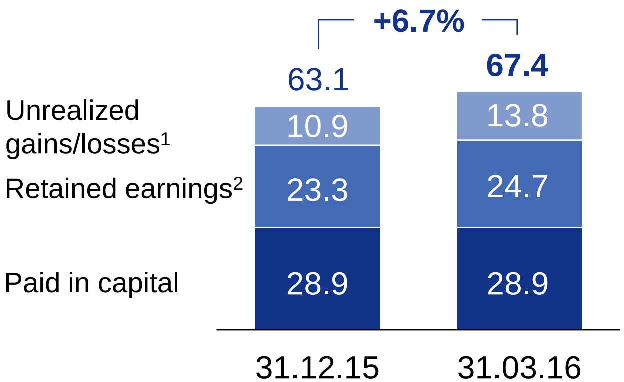
Group: good start into the year

Comments

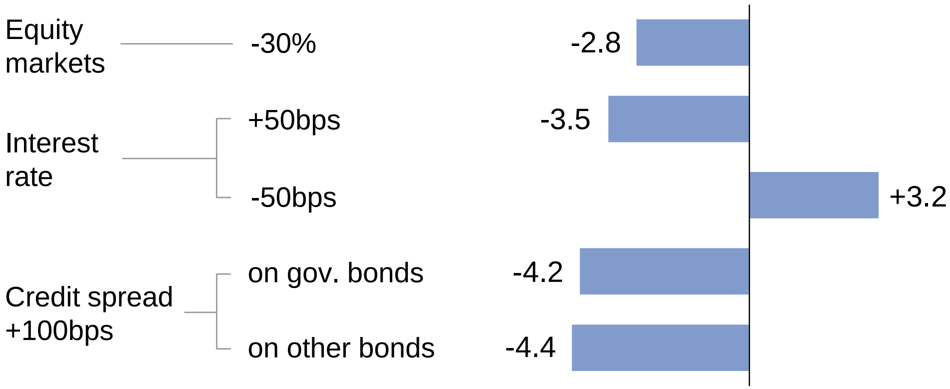
- **Revenue decrease**
  Good internal growth in P/C, overcompensated by lower sales from traditional products in L/H and decline at PIMCO. Internal growth of minus 4.9%.
- **Operating profit – in line**
  Slight decline versus very strong result last year, which was in particular driven by high realized gains in L/H.
- **P/C – good result**
  Operating profit up 12.0%. Improved underwriting result and non-repetition of FFIC-related restructuring expenses overcompensate reduction of investment result.
- **L/H – on track**
  1Q 2015 exceptionally high, supported by favorable market development. Good result despite EUR -82mn loss recognition in Korea, in line with target.
- **Asset Management – as expected**
  Operating profit down 16.5% primarily caused by lower average 3rd party AuM. Bulk of performance fees expected in second half of the year.
- **Net income – strong increase**
  Increase due to improved non-operating result and decline of effective tax rate to 24%. Result not to be multiplied by four!
- **Outlook 2016 confirmed**
  Full-year operating profit outlook of EUR 10.5bn plus/minus EUR 500mn confirmed. First quarter 2016 operating profit represents 26% of full-year outlook mid-point.

Group: shareholders' equity up 6.7%

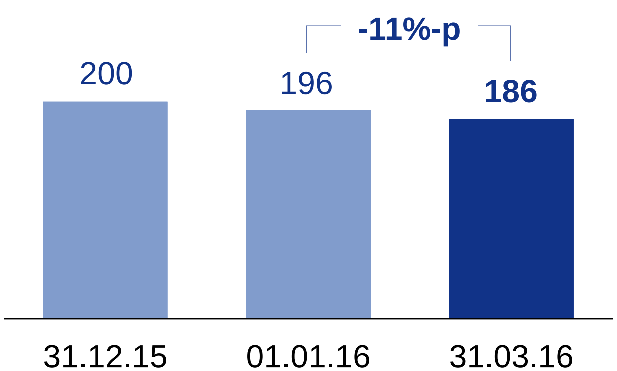
Shareholders' equity (EUR bn)



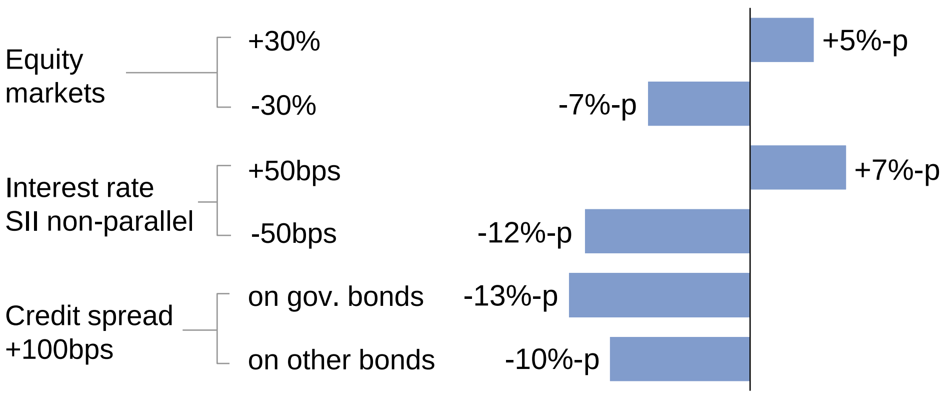
Key sensitivities (EUR bn)



SII capitalization[3] (in %)



Key sensitivities[4]



1) Off-balance sheet unrealized gains on real estate, associates and joint ventures attributable to the shareholders amount to EUR 2.8bn as of 31.12.15 and EUR 2.7bn as of 31.03.16
2) Including F/X
3) Changed regulatory tax treatment of German life sector reduces year-end SII ratio from 200% to 196% on January 1, 2016
4) Second order effects to other risk types and to own funds transferability restrictions are not considered

Group: shareholders' equity up 6.7%

Comments

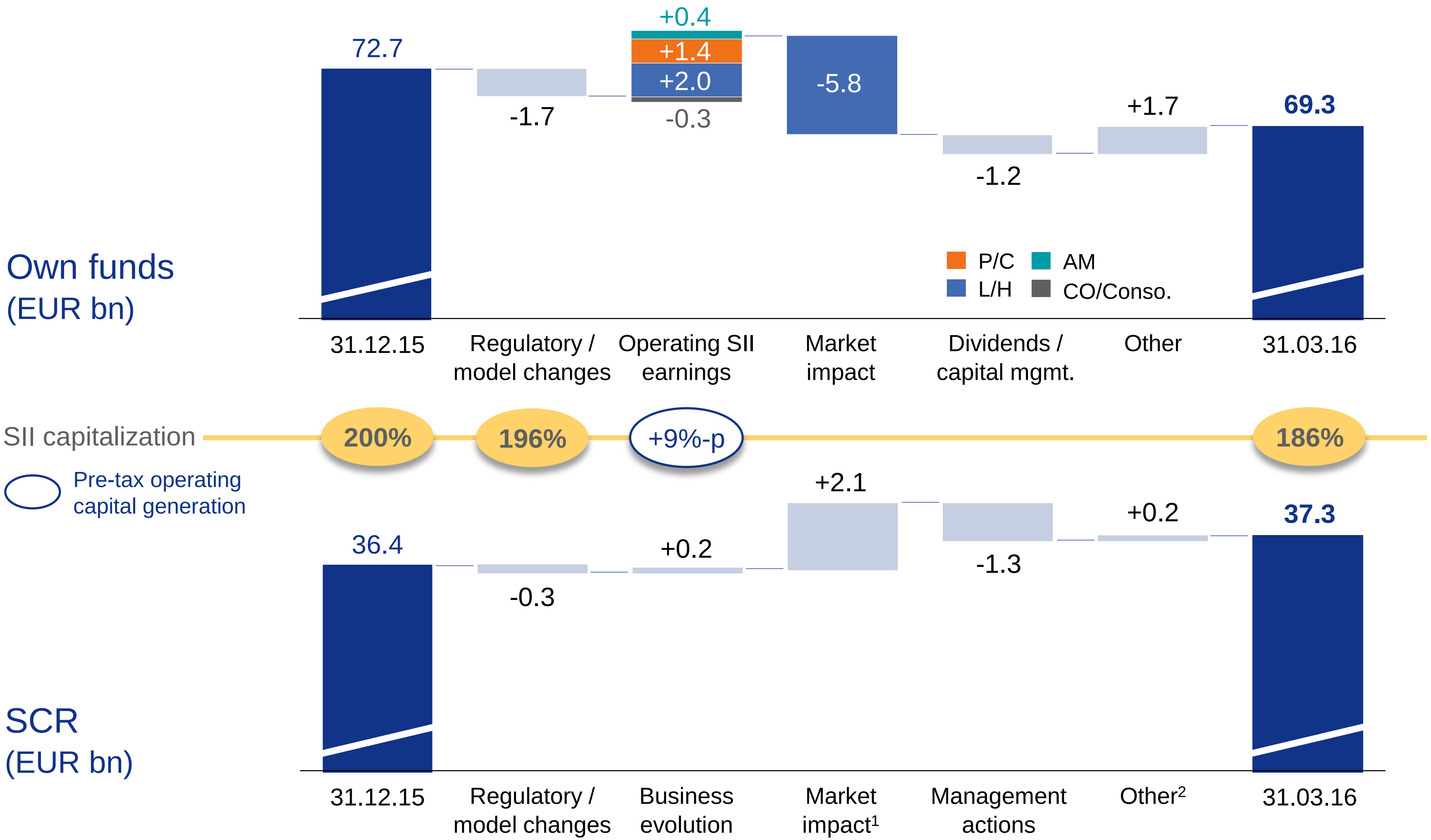
- **Shareholders' equity at record high**
  Net income (EUR 2.2bn) and higher net unrealized gains (EUR 2.8bn) by far overcompensate negative F/X effects (EUR -0.6bn) and higher actuarial losses for defined benefit pension plans (EUR -0.3bn).

- **Solvency II ratio within target range**
  Changed regulatory tax treatment of German life sector reduces year-end SII ratio from 200% to 196% on January 1, 2016. Rising capital requirements from lower discount rates, partially compensated by management actions.

- **Solvency II interest rate sensitivity improved**
  Driven by management actions – e.g. asset duration lengthening – interest rate sensitivity declined by 2%-p from 14%-p to 12%-p. Credit spread sensitivities went slightly up due to increased market values of bonds.

- **Attractive dividend policy**
  50% of shareholders' net income has been accrued for dividend.

Group: strong pre-tax operating capital generation



1) Including cross effects and policyholder participation
2) Other effects on SCR include diversification effects and third country equivalence

Group: strong pre-tax operating capital generation

Comments

- **Strong pre-tax operating capital generation**
  Adjusted for market effects, regulatory and model changes and capital management activities our Solvency II ratio would have shown a pre-tax increase of 9%-p.
- **Operating SII earnings**
  Good operating SII earnings with highest contribution from L/H segment including VNB. P/C and AM are close to their operating results.
- **Business evolution**
  Moderate SCR expansion due to changed mix towards capital-efficient products in L/H.
- **Market impact – lower interest rates**
  Reduction of swap rates by approx. 50bps negatively affects own funds in the L/H segment as well as SCR. Declining equity markets only with small impact. Negligible influence from credit spread movement.
- **Regulatory / model changes**
  Changed regulatory tax treatment of German life sector reduces year-end SII ratio from 200% to 196% on January 1, 2016. No model changes in 1Q 2016.
- **Capital management / management actions**
  Own funds impact driven by EUR 1.1bn dividend accrual. No issuance or redemptions of hybrid debt. SCR reduced through management actions like e.g. duration lengthening on the asset side and reduction of equity exposure.
- **Other**
  Positive own funds impact from life entities mainly driven by valuation differences that are not already reflected in respective MCEV changes. No material impact from taxes.

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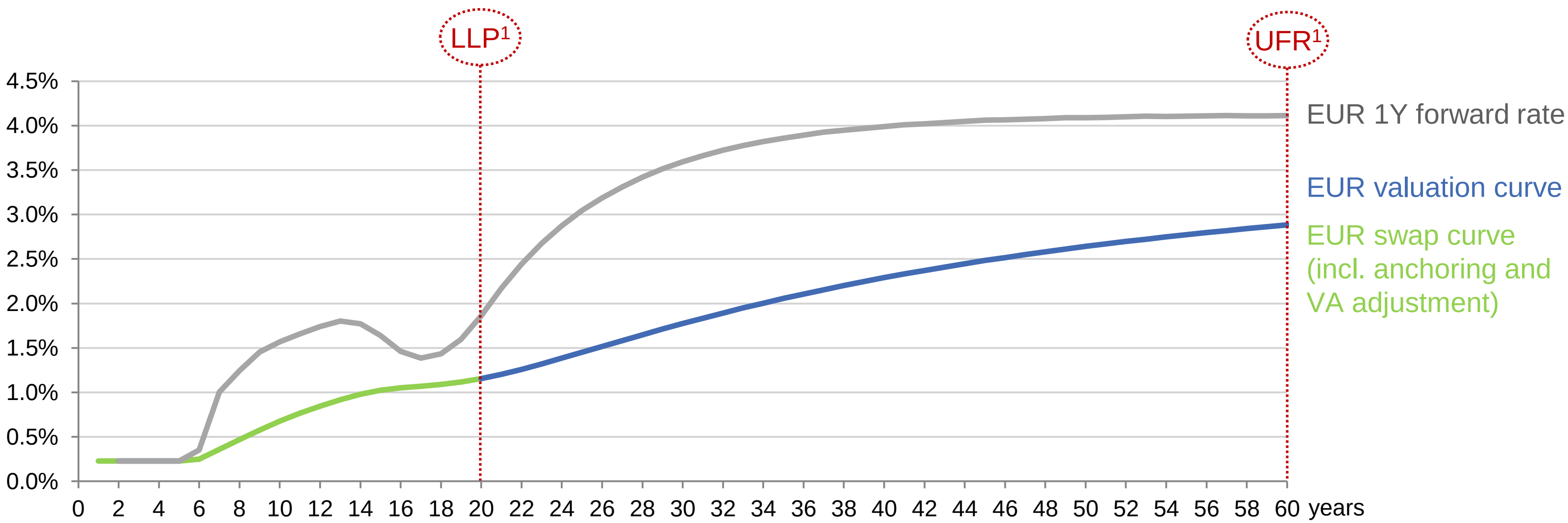
SII rules: long-term valuation rate well below UFR



Example (as per March 31, 2016):

Valuation rate year 20 = 1.03% – 0.10% + 0.22% = 1.15%

1.03% [EUR swap year 20]

0.10% [credit risk adjustment]

0.22% [volatility adjustment]

Valuation rate year 21 = $\frac{20}{21} \times 1.15\% + \frac{1}{21} \times 2.2\% = 1.20\%$[2]

1.15% [= valuation rate year 20]

2.2% [= 1 year forward rate year 21]

The UFR fixes the long-term 1 year forward rates. The long-term valuation rate is well below the anchor level. The lower & flatter the swap curve is around 20y, the lower the valuation rates!

1) LLP = Last Liquid Point; UFR = Ultimate Forward Rate

2) Linear approximation. Exact formula: $\sqrt[21]{1.0115^{20} * 1.022} - 1$

SII rules: long-term valuation rate well below UFR

Comments

- **Liabilities discounted using risk-free rates**
  Under SII, liabilities are discounted using risk-free rates, usually swap rates, adjusted for credit risk and excessive volatility. The lack of liquid swap markets at the long end of the curve requires extrapolation beyond the ‘Last Liquid Point’ (LLP, 20 years for EUR) to the ‘Ultimate Forward Rate’ (UFR, 60 years for EUR). For EUR, the UFR, which is the 1-year forward rate at year 60, has been set at 4.2%. This is based on the ECB’s long-term inflation target of 2.0% and on a long-term real rate of 2.2%.
- **Valuation rates well below anchor points**
  The *actual* discount rates which are used to discount liabilities are considerably below the anchor levels, though. This is because valuation rates are calculated as averages of the 1-year forward rates, e.g. the actual valuation rate in year 60 was 2.88% in 1Q 2016.
- **UFR sensitivity manageable**
  Latest EIOPA proposals suggest a phased-in reduction of the UFR with yearly changes limited to 20 bps towards a level of 3.7% (based on 2015 analysis) starting in 2017. A full lowering of the UFR by 50bps would reduce our SII ratio by ~5%-p.

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P/C: price and volume drive internal growth of 2.7%
(EUR mn)

1Q 2016		Revenues	Total growth Δ p.y.	Internal growth Δ p.y.	Price effect	Volume effect
Total P/C segment		**17,245**	**-0.5%**	**+2.7%**	**+1.0%**	**+1.7%**
Large OEs	Germany	4,331	+2.6%	+2.6%		
	France	1,477	-3.5%	+1.0%		
	Italy	1,120	-4.6%	-4.6%		
Global lines	AGCS	2,454	+3.0%	+10.2%		
	Allianz Worldwide Partners	1,591	-0.6%	-4.2%		
	Credit Insurance	643	-1.3%	-0.6%		
Selected OEs	United Kingdom	710	-5.0%	-1.5%		
	Spain	699	+6.7%	+6.7%		
	Australia	658	-4.0%	+2.5%		
	Latin America	389	-24.7%	+4.1%		

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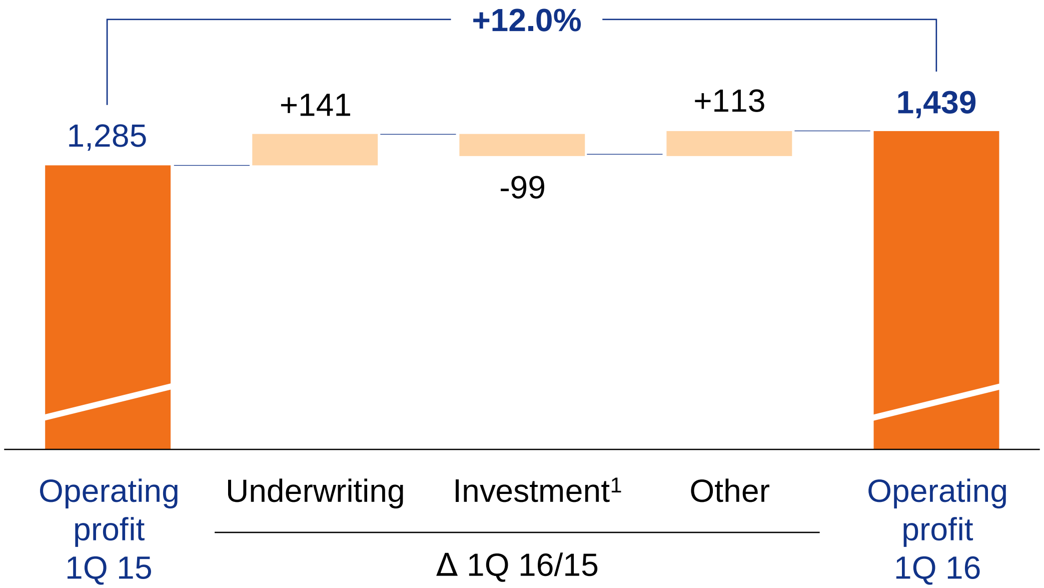
P/C: price and volume drive internal growth of 2.7%

Comments

- **Good growth continues**
  Internal growth of +2.7% driven by price (+1.0%) and volume (+1.7%). F/X -2.0% and de-consolidations -1.2% lead to -0.5% top-line decline. Retention down to 90.0%, driven by AGCS fronting business. Internal NPE growth in line with internal GPW development. Rate changes on renewals +1.5% (FY 2015: +1.0%).
- **Germany – very good growth continues**
  Non-motor (ex. APR) but also motor with very good growth. Overall, commercial business main driver. New business expands by 10.6%. Price and volume effects positive.
- **Italy – excellent mid-corp growth**
  Lower top-line in a weak market mainly driven by motor (-6.4%). Excellent growth in mid-corp non-motor of +8.1%. Genialloyd grows strongly at +6.5% while direct market is negative (-4.2% as per December 2015).
- **France – above-market growth**
  Good growth, driven by personal lines. Direct business with exceptional top-line expansion of +28%. Personal and commercial lines better than market.
- **AGCS – impacted by special items**
  Strong growth driven by fronting business as well as by accounting effects which will largely level out over time.
- **AWP – difficult economic environment**
  Global economic and geopolitical climate, exacerbated by increasing competition especially at AWC, impact top-line.
- **UK – ongoing pricing actions**
  Growth in commercial offset by continuing impact of private motor underwriting actions. Strong positive price effect more than offset by volume decline.
- **Australia – good growth**
  Strong volume growth, while price effect largely flat.
- **Spain – excellent growth continues**
  Baremo effect used to drive +7.0% growth in motor by both price (+6.0%) and volume (+1.1%). Good performance in commercial lines as well. High growth in all major channels.

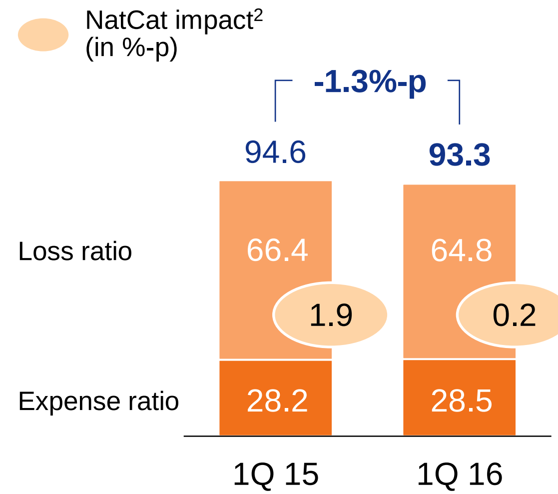
P/C: strong increase in underwriting result

Operating profit drivers (EUR mn)

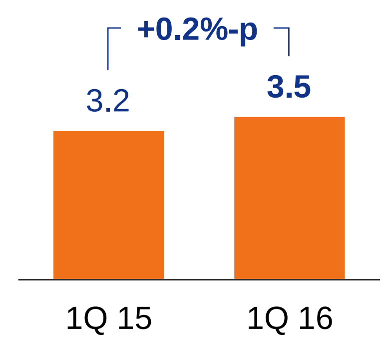


1Q 16	696	707	37
1Q 15	555	806	-76

Combined ratio (in %)



Run-off ratio (in %)



1) Including policyholder participation
2) NatCat costs (without reinstatement premiums and run-off): EUR 222mn (1Q 15) and EUR 21mn (1Q 16)

P/C: strong increase in underwriting result

Comments

- **Operating profit – higher underwriting profit main growth driver**
  OP +12.0% (EUR +155mn) on back of strong underwriting result increase as well as non-repetition of EUR -0.1bn restructuring expenses in 1Q 2015. Investment result lower due to negative F/X result net of hedges as well as modest decline in net interest result. 1Q OP at 26% of FY OP outlook mid-point.
- **Claims environment – very low NatCat, large losses slightly higher**
  NatCat losses of EUR 21mn (0.2%-p) very low and well below last year (EUR 222mn / 1.9%-p). Large loss impact slightly above last year.
- **Run-off – above last year**
  Reserve releases across most OEs this quarter, while 1Q 2015 saw adverse reserve development for former FFIC portfolio.
  10Y average run-off for first quarter at 2.9%.
- **AY LR – lower NatCat**
  AY LR improves -1.4%-p to 68.2% on back of lower NatCat (-1.7%-p). Attritional LR worsens by 0.3%-p. Reinsurance (business mix, higher large losses) and France (higher large losses and weather-related losses) more than offset improvements in Germany and at AGCS.
- **Expense ratio**
  Increase of +0.3%-p driven by higher admin expenses, more than offsetting lower commissions.
- **Active run-off management**
  As announced on February 18, Allianz transferred USD 1.1bn of US long-tail liabilities to Enstar via a 50% quota share reinsurance agreement. Regulatory approval for this deal was obtained in March. Insurance risk capital to the tune of EUR 0.2bn has been released as a result of this transaction.
  Furthermore, we expect to close the previously announced sale of AGF Insurance in the UK in July, thereby transferring EUR 0.2bn of long-tail reserves and reducing insurance risk capital by EUR 0.1bn.

P/C: flagship OEs with excellent combined ratios
(EUR mn)

1Q 2016		Operating profit	Δ p.y.	Combined ratio	Δ p.y.	NatCat impact in CR	Δ p.y.
Total P/C segment		**1,439**	**+12.0%**	**93.3%**	**-1.3%-p**	**0.2%-p**	**-1.7%-p**
Large OEs	Germany	352	+61.6%	89.0%	-9.0%-p	0.0%-p	-7.3%-p
	France	114	-1.2%	95.3%	+0.5%-p	0.0%-p	0.0%-p
	Italy	226	-8.9%	85.7%	+2.3%-p	0.0%-p	0.0%-p
Global lines	AGCS	152	+236.7%	95.5%	-4.1%-p	1.9%-p	+0.1%-p
	Allianz Worldwide Partners	9	-72.2%	101.2%	+3.9%-p	0.0%-p	0.0%-p
	Credit Insurance	87	-25.7%	83.6%	+5.2%-p	–	–
Selected OEs	United Kingdom	47	+15.1%	95.6%	-2.1%-p	0.0%-p	0.0%-p
	Spain	52	-8.1%	92.0%	+0.5%-p	0.0%-p	0.0%-p
	Australia	46	+45.1%	101.0%	-2.0%-p	0.0%-p	-3.6%-p
	Latin America	-14	n.m.[1]	111.0%	+5.0%-p	0.0%-p	0.0%-p

1) Operating profit for Latin America decreased by EUR 20mn from EUR 6mn in 1Q 15

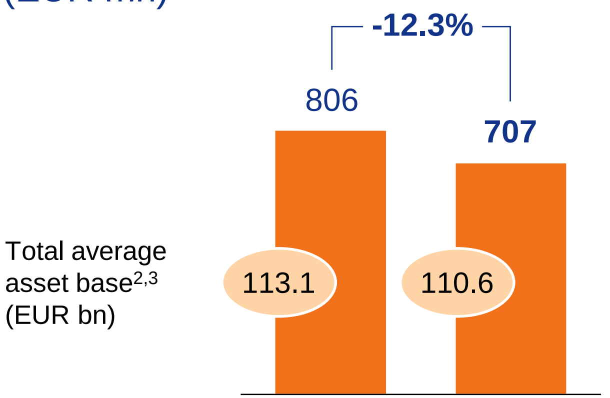
P/C: flagship OEs with excellent combined ratios

Comments

- **Germany – CR outstanding**
  OP rises 62% as CR improves further. Lack of NatCat main reason but attritional LR below last year as well. Expense ratio improves -0.3%-p on strong growth.
- **France – underlying LR improves further**
  CR increases slightly. Underlying loss ratio improves and run-off also increases. However, effect is more than offset by higher weather-related and large losses which increased compared to a benign prior year.
- **Italy – remains excellent**
  CR still outstanding at 85.7%. Lower run-off and slight increase in AY LR (lower average premium in MTPL) main reason for yoy increase. Genialloyd CR of 91% down 3%-p despite strong growth.
- **AGCS – all CR components contribute**
  Claims development positive throughout. AY LR, run-off and ER all contribute to excellent CR. 1Q 2015 impacted by EUR -0.1bn FFIC-related restructuring charges. AGCS CR 95.1% excluding North America.
- **UK – excellent performance in commercial**
  Best CR in commercial for many years partially offset by retail. As announced on April 15, our direct business in the UK is proposed to be put in run-off in July.
- **Spain – excellent**
  CR remains on excellent level. Improved attritional LR is, however, more than offset by a lower run-off ratio.
- **Australia – CR improves**
  CR improves on lower AY LR (mainly NatCat driven) and higher run-off, partly offset by a frequency-related increase in the attritional LR. Business mix changes prompt increase in ER. OP also boosted by higher fee income.
- **LatAm – restructuring ongoing**
  Argentina 106.7% CR unsatisfactory, but significant progress over 4Q (152.5%) and FY 2015 (127.8%), respectively. Restructuring is ongoing in Brazil (CR 117.6%). Improved performance in commercial more than offset in particular by motor. Top-line pruning negatively impacts expense ratio. Difficult macro environment exacerbates situation.

P/C: interest & similar income only slightly lower

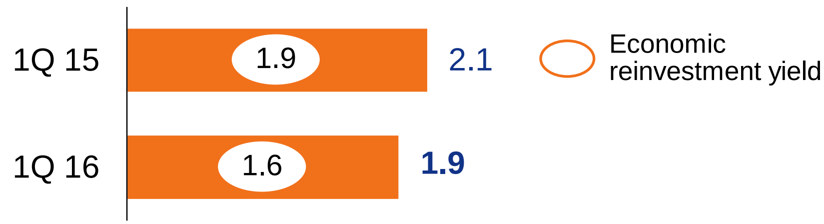
Operating investment result[1,2] (EUR mn)



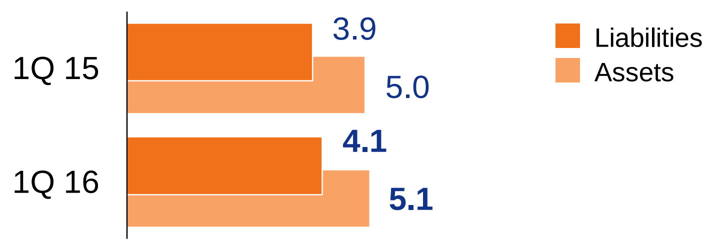
	1Q 15	1Q 16	Δ 1Q 16/15
Interest & similar income[4]	857	824	-32
Net harvesting and other[5]	31	-29	-60
Investment expenses	-81	-88	-7

Current yield (debt securities; in %)

Reinvestment yield[6] (debt securities; in %)



Duration[7]



1) Including policyholder participation
2) Effective 2016, fixed assets of renewable energy investments are disclosed as investments. Prior year figures have been restated accordingly
3) Asset base includes health business France, fair value option and trading
4) Net of interest expenses
5) Comprises real. gains/losses, impairments (net), fair value option, trading and F/X gains and losses and policyholder participation
6) On an annual basis
7) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used. Data excludes internal pensions residing in the P/C segment

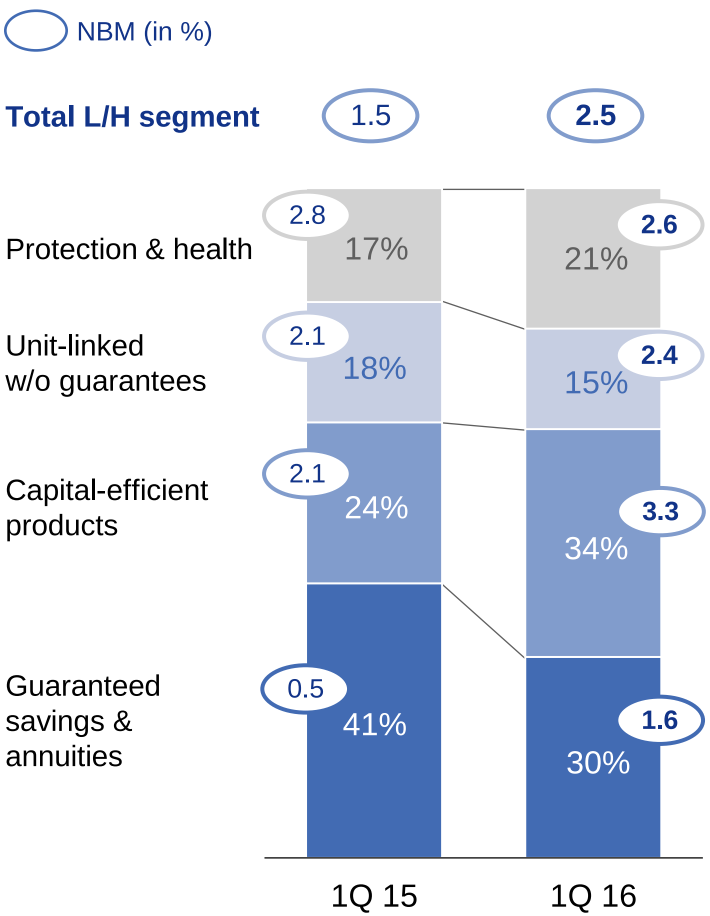
P/C: interest & similar income only slightly lower

Comments

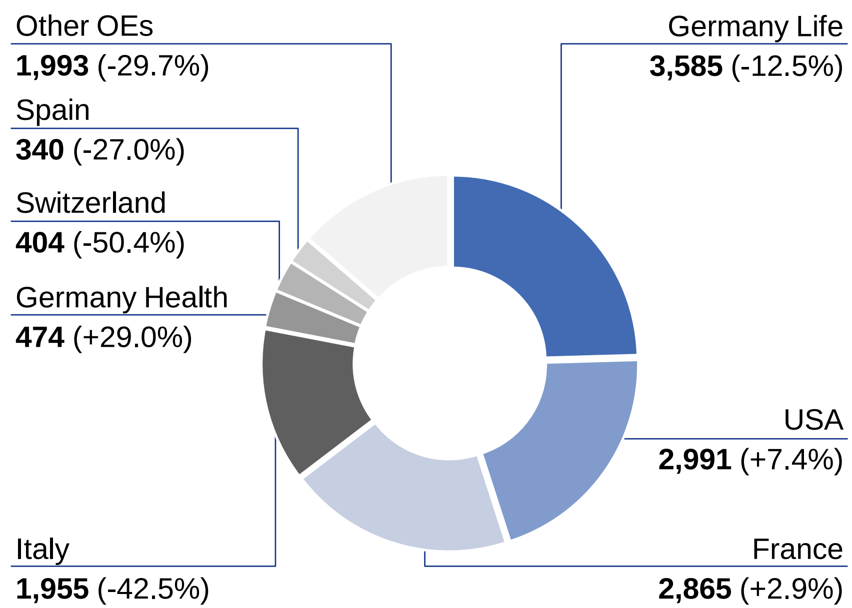
- **Interest and similar income – slightly lower**
  Current income slightly lower driven by lower income on debt, partially offset by higher income from equities.
- **Net harvesting & other**
  F/X result net of hedges lower than last year mainly due to emerging markets F/X development.
- **Economic reinvestment yield**
  Alternative calculation methodology incorporates long-term F/X costs.

L/H: successful execution of new business strategy

PVNBP share by line[1]



PVNBP by OE



EUR mn	1Q 15	1Q 16	Δ p.y.
PVNBP	17,545	14,606	-16.8%
Single premium	9,825	7,715	-21.5%
Recurring premium	2,380	2,503	+5.2%
APE	3,362	3,275	-2.6%

1) For a description of the L/H lines of business please refer to the glossary

L/H: successful execution of new business strategy

Comments

PVNBP share by line

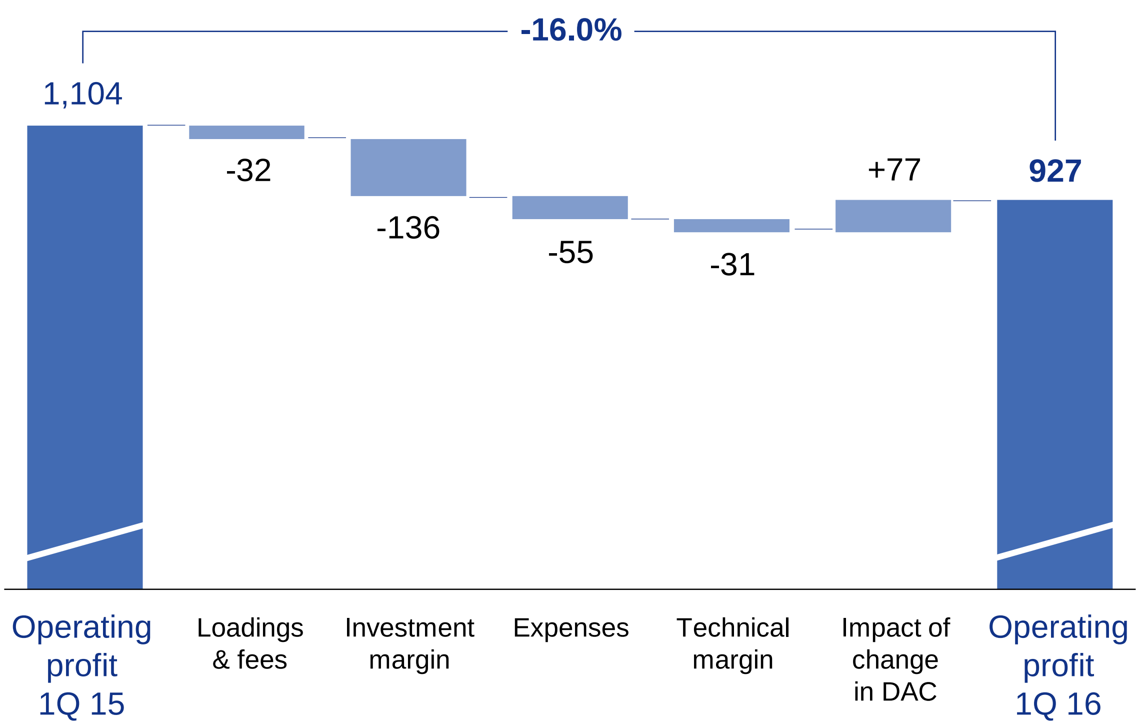
- **Capital-efficient products on the rise**
  Weight of guaranteed savings & annuities down by 11%-p to 30% with PVNBP -39%. Share of capital-efficient products up 10%-p to 34% with PVNBP +19%. High base for UL in 1Q 2015. Business mix change and more benign economic conditions lead to enhancement of NBM by 1.0%-p to 2.5%.
- **Three lines with much better NBM**
  Capital-efficient products well above target level of 3%. Guaranteed savings & annuities with 1.1%-p improvement and further product actions underway. Protection & health diluted by group protection business in France. UL w/o guarantees below 3%, but RoRC well above 15% due to low capital intensity.
- **Positive net flows**
  Net flows stay positive at EUR 2.0bn, mainly from capital-efficient products.

PVNBP by OE

- **GER Life – targeted new business growth**
  Guaranteed savings & annuities down by 39%. Capital-efficient products up 28% and protection & health rise 6%.
- **USA – successful marketing campaign**
  PVNBP increase of 16% (local currency) driven by capital-efficient products, i.e. FIA (EUR +0.3bn with NBM 4.0%). Share of capital-efficient products at 90%. "Index Advantage" VA sales surpass traditional VA for the first time.
- **ITA, FRA, SUI, ESP – less traditional NB**
  Product management results in drop of guaranteed savings & annuities: ITA -62%, SUI -54%, ESP -42% and FRA -15%.
- **Germany Health – encouraging growth**
  Successful sales of full-coverage insurance.

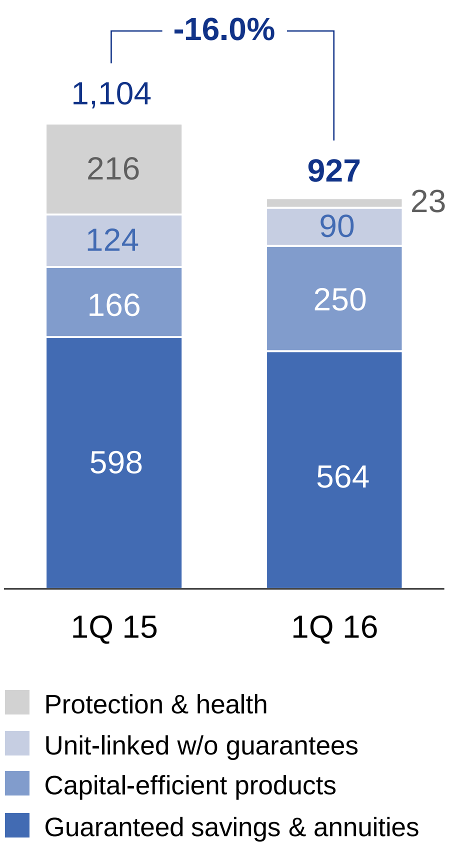
L/H: operating profit on track
(EUR mn)

Operating profit by source[1]



	Loadings & fees	Investment margin	Expenses	Technical margin	Impact of change in DAC
1Q 16	1,409	865	-1,714	270	97
1Q 15	1,441	1,002	-1,659	301	19

Operating profit by line[1]



1) For a description of the L/H operating profit sources and lines of business please refer to the glossary

L/H: operating profit on track

Comments

- **OP at 26% of FY target range mid-point**
  Operating profit on track despite loss recognition in Korea (EUR -82mn). After an exceptional result in 1Q 2015 decline also driven by lower contribution from Germany Life (EUR -83mn).
- **Loadings & fees down – UL fees**
  Decline in UL fees (EUR -34mn) driven by lower performance fees in Italy.
- **Investment margin – high base 1Q 2015**
  Investment margin at strong level. Compared to an exceptional result in 1Q 2015 decline mainly due to lower contribution from Germany Life (EUR -133mn).
- **Expenses driven by admin**
  Costs for higher US production (EUR -51mn) largely offset by lower sales in Germany Life (EUR +30mn) and Asia Pacific. Increase in admin expenses in France (EUR -19mn) mainly due to one-time recognition of expense items compared to pro-rata approach.
- **Technical margin – one-off charges**
  Decrease driven by USA (EUR -42mn) mainly due to a non-recurring reserve increase (refinement of methodology).
- **Impact of change in DAC – Germany**
  Driver is Germany Life (EUR +44mn), mainly due to favorable true-ups.
- **Protection & health – impacted by Korea**
  Decrease mainly driven by one-offs:
  Korea (EUR -87mn – mainly loss recognition), France (EUR -25mn – mainly higher expenses) and USA (EUR -24mn – mainly one-off reserve addition).
- **Capital-efficient products – FIA USA**
  Driver is USA (EUR +83mn) due to strong performance of FIA business.
- **Guaranteed savings & annuities – mixed**
  Lower result from Germany Life (EUR -66mn – exceptional investment margin 1Q 2015) and USA (EUR -72mn – mainly basis risk VA), partially compensated by France (EUR +51mn) and Italy (EUR +37mn).

Allianz

L/H: VNB up 37%
(EUR mn)

1Q 2016		VNB	Δ p.y.	NBM	Δ p.y.	Operating profit	Δ p.y.
Total L/H segment		**367**	**+36.7%**	**2.5%**	**+1.0%-p**	**927**	**-16.0%**
Large OEs	Germany Life	110	+49.8%	3.1%	+1.3%-p	340	-19.7%
	USA	105	+59.7%	3.5%	+1.1%-p	150	-8.2%
	Italy	37	+121.2%	1.9%	+1.4%-p	77	-7.1%
	France	-2	n.m.[1]	-0.1%	+0.6%-p	161	+19.4%
Selected OEs	Asia Pacific	44	-16.4%	4.1%	+0.9%-p	-28	n.m.[2]
	Switzerland	1	-95.2%	0.2%	-1.8%-p	21	+20.9%
	Germany Health	11	+24.1%	2.2%	-0.1%-p	22	-59.3%
	Benelux	5	+39.4%	1.5%	+0.7%-p	32	-15.2%
	Spain	18	+32.1%	5.4%	+2.4%-p	48	+2.9%
	Turkey	15	+11.5%	7.7%	+2.8%-p	23	+128.5%

1) Value of new business in France increased by EUR 16mn from EUR -17mn in 1Q 15
2) Operating profit for Asia Pacific decreased by EUR 82mn from EUR 54mn in 1Q 15

Allianz

L/H: VNB up 37%

Comments

New business

- **Third consecutive quarter with NBM ≥2.5%**
  Management actions main reason for improvement of 1.0%-p. Excluding French group protection business NBM was 2.9% and close to target level already.
- **VNB up – NBM offsets PVNBP drop**
  VNB 23% ahead of avg. quarterly VNB 2015.
- **All large OEs with improved NBM**
  Germany Life NBM benefits from new tariffs and less single premiums. Italy NBM with lower guarantees and less single premiums. US NBM improvement due to changes in product features FIA and business shift to “Index Advantage” VA. In France group protection weighed on the NBM – further pricing and underwriting review ongoing. Turkey new business very profitable in all LoBs, especially protection & health. In Spain NBM recovery due to repricing measures.

Operating profit

- **Germany Life – still excellent level**
  Investment margin 1Q 2015 at exceptionally high level. Driver of lower investment margin (EUR -133mn) are less favorable market movements and lower net capital gains.
- **France – better technical margin**
  Technical result up EUR 26mn mainly driven by better longevity result and lower loss adjustment expenses.
- **USA – FIA with increase, VA basis risk**
  Higher contribution from FIA offset by basis risk losses in traditional VA und non-recurring charges.
- **Germany Health – investment margin**
  Lower investment margin (EUR -16mn) due to lower net capital gains und less favorable market movements.
- **Turkey – strong underlying performance**
  Mainly driven by capital gains but also strong underlying performance.

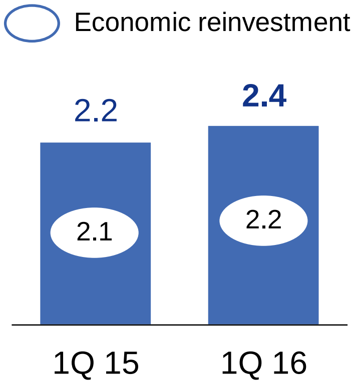
Allianz

L/H: investment margin strong at 21bps[1]

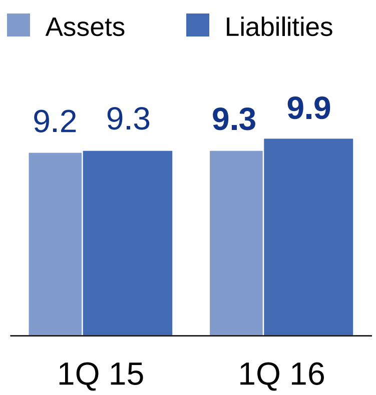
(yields are pro-rata)

Based on Ø book value of assets[2]	1Q 15	1Q 16
Current yield[3]	0.9%	0.9%
Based on Ø aggregate policy reserves		
Current yield[3]	1.1%	1.1%
Net harvesting and other	0.7%	0.2%
Total yield	**1.8%**	**1.3%**
- Ø min. guarantee[4]	0.6%	0.6%
Gross investment margin (in %)	**1.2%**	**0.8%**
- Profit sharing under IFRS[5]	1.0%	0.5%
Investment margin (in %)	**0.3%**	**0.2%**
Investment margin (EUR mn)	1,002	865
Ø book value of assets[2] (EUR bn)	495	502
Ø aggregate policy reserves (EUR bn)	397	413

Reinvestment yield[6]
(debt securities; in %)



Duration[7]



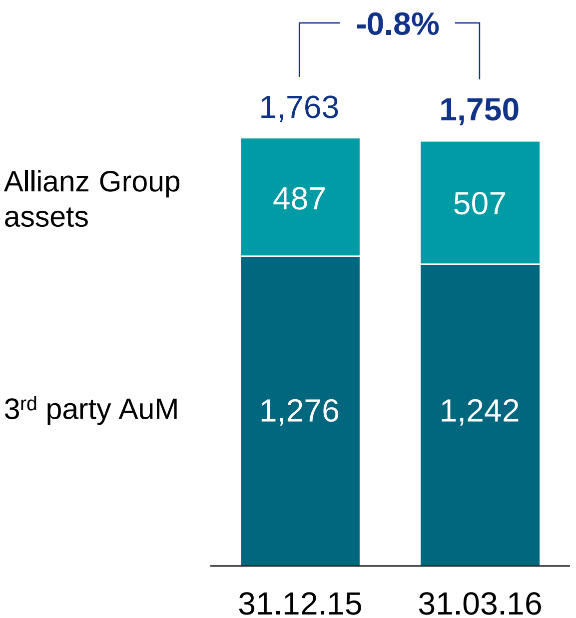
1) Effective 2016, fixed assets of renewable energy investments are disclosed as investments. Prior year figures have been restated accordingly
2) Asset base under IFRS which excludes unit-linked, FVO and trading
3) Based on interest and similar income (net of interest expenses)
4) Based on technical interest
5) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS
6) On an annual basis
7) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used. Data excludes internal pensions residing in the L/H segment

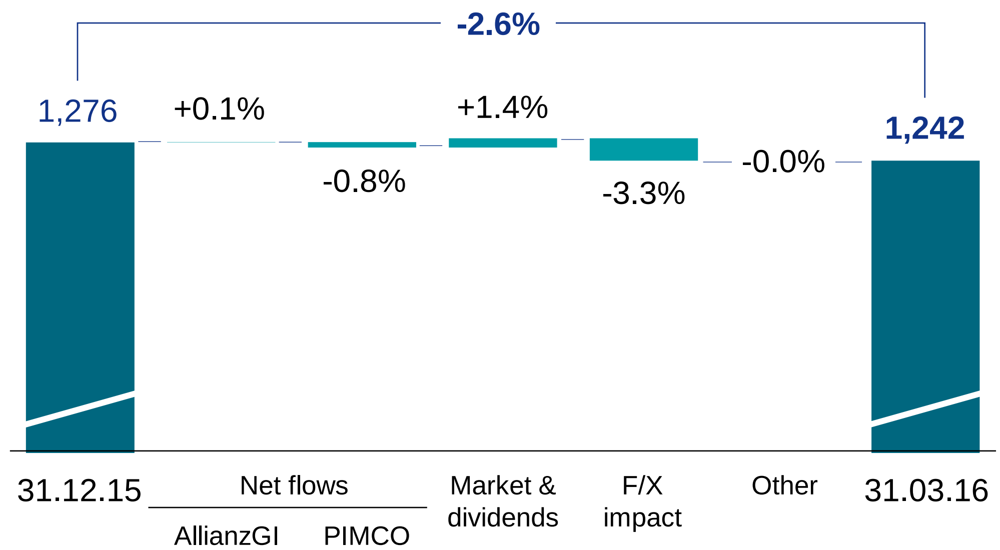
L/H: investment margin strong at 21bps

Comments

- **Yield decline within expected range**
  Current yield based on aggregate policy reserves declines 4bps within expected range.
- **Net harvesting and other – still high level**
  Still at high level of 24bps. Drop compared to exceptional result 1Q 2015 (68bps), mainly due to lower net capital gains and less favorable market movements.
- **Investment margin (in %) remains strong**
  Investment margin strong at 21bps (-4bps). Loss recognition in Korea accounts for 2bps decrease.
- **Investment margin (EUR mn) – good start**
  Exceptionally high level in 1Q 2015. Higher reserve base (+4%) partially offsets lower investment margin (-14%). Without loss recognition in Korea investment margin drops 5% only.
- **PHP ratio slightly down**
  Lower PHP (-2%-p) helped to improve investment margin. Profit sharing managed on annual basis, quarterly volatility with limited relevance.
- **Reinvestment yield**
  Decline of 0.2%-p versus 4Q in line with market development. Average spread of 100bps achieved. Alternative calculation methodology incorporates long-term F/X costs.
- **Duration gap unchanged vs. 4Q 2015**
  Our asset de-risking management actions enabled us to keep the duration gap stable vs. 4Q 2015 despite lower interest rates. Duration gap vs. 1Q 2015 widened mainly due to negative impact from EIOPA curve update.

AM: 3rd party net flows stabilized; F/X drives AuM
(EUR bn)





EUR bn	+1.0	-10.1	+17.3	-41.7	-0.2

AM: 3rd party net flows stabilized; F/X drives AuM

Comments

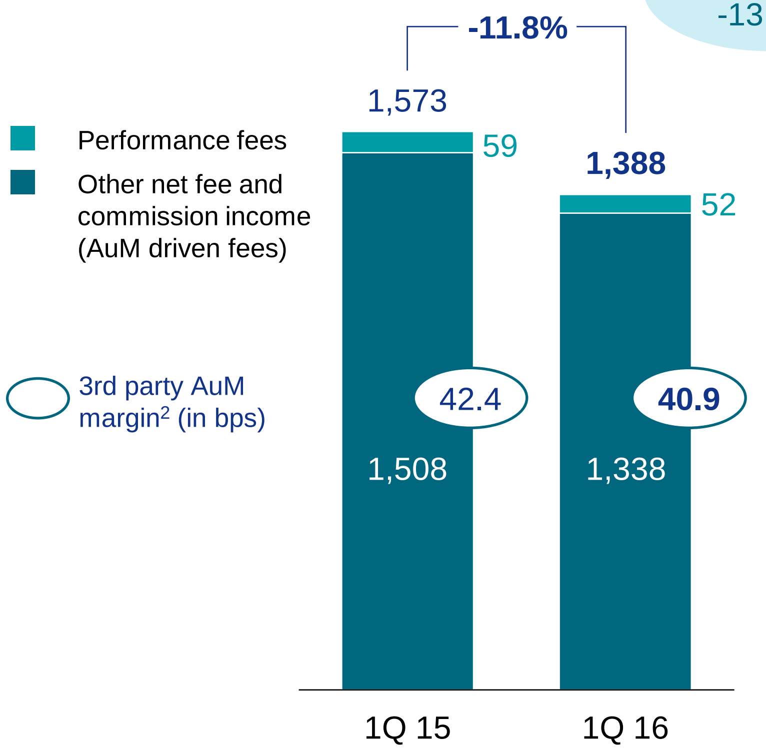
- **Segment – 3rd party AuM driven by F/X**
  Slight reduction of 3rd party AuM driven by depreciation of the USD end of March (1.14 USD/EUR end of 1Q 2016, 1.09 USD/EUR end of 2015).
- **PIMCO – 3rd party AuM down 2%**
  Decrease from EUR 987bn end of 2015 to EUR 963bn end of 1Q 2016 driven by F/X. In USD, 3rd party AuM are up 2%, an increase for the first time since 2Q 2014.
- **AllianzGI – 3rd party AuM down 4%**
  Adverse market impact drives decrease of 3rd party AuM from EUR 289bn end of 2015 to EUR 279bn end of 1Q 2016, despite 3rd party net inflows. 3rd party AuM of recently acquired Rogge Global Partners (2015: EUR 33bn) not included yet. Vice versa, agreement to sell AllianzGI Korea (3rd party AuM EUR 5bn) not considered either.
- **PIMCO – net outflows further reduced**
  3rd party net inflows in various strategies like Income, Investment Grade Credit, High Yield. 3rd party net outflows (EUR 10bn) on the lowest level since 3Q 2013 and significantly reduced versus 1Q 2015 (EUR 68bn) and also versus 4Q 2015 (EUR 11bn).
- **AllianzGI – net inflows continue**
  13th consecutive quarter with 3rd party net inflows, amounting to EUR 1bn. As in previous quarters, inflows stem predominantly from multi-asset products and from Europe.

Allianz

AM: lower average 3rd party AuM impact revenues
(EUR mn)

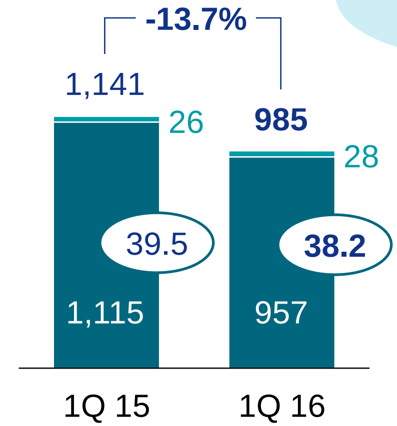
Revenues development[1]

Internal growth -13.0%



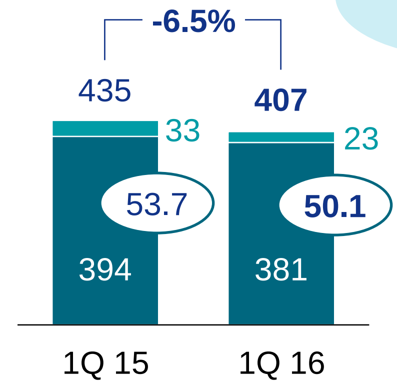
PIMCO

Internal growth -15.3%



AllianzGI[3]

Internal growth -6.9%



1) “Other” AM revenues of EUR 5mn in 1Q 15 and EUR -2mn in 1Q 16 are not shown in the chart
2) Excluding performance fees and other income, 3 months
3) “Other” AllianzGI revenues of EUR 8mn in 1Q 15 and EUR 2mn in 1Q 16 are not shown in the chart

AM: lower average 3rd party AuM impact revenues

Comments

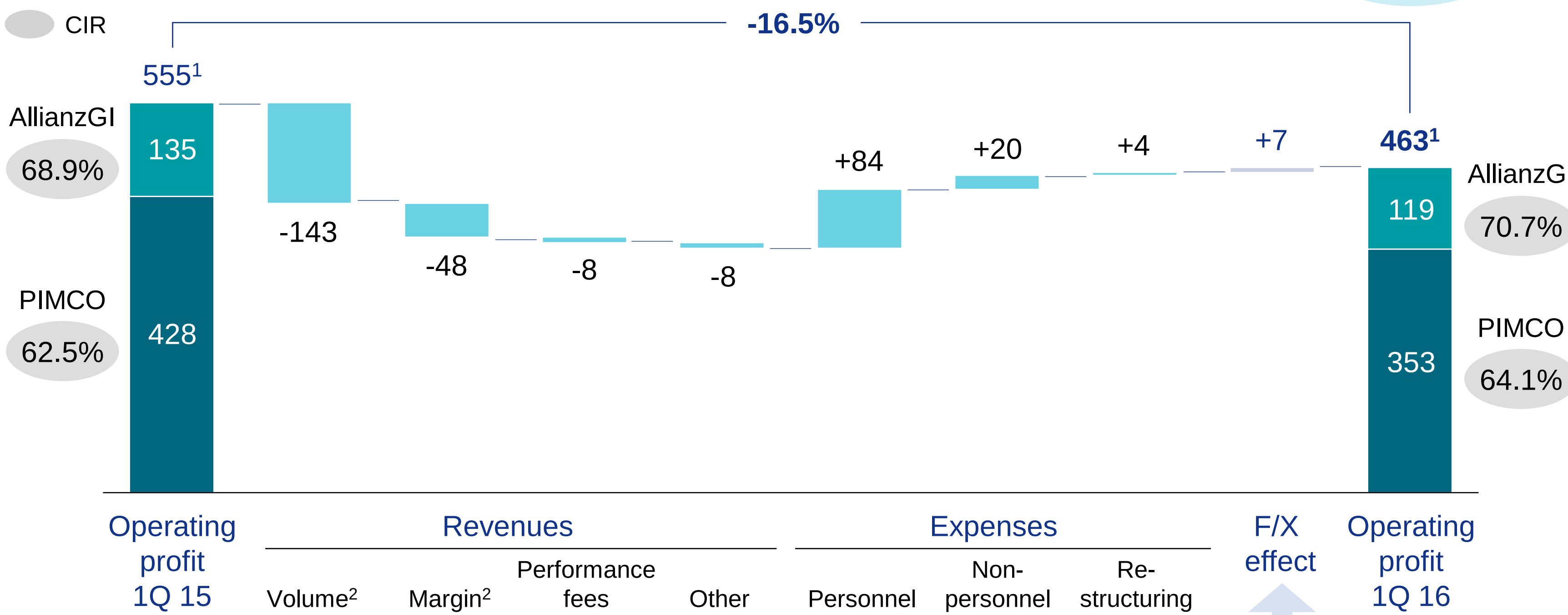
- **Segment – lower operating revenues**
  Lower average 3rd party AuM (-9%) and reduced 3rd party AuM margins lead to lower AuM driven revenues (-11%). Performance fees slightly down.
- **PIMCO – lower AuM driven revenues**
  Lower average 3rd party AuM (-12%) – reflecting net outflows and adverse market impact – as well as a reduced 3rd party AuM margin cause decrease of revenues (-14%). A higher level of performance fees is expected for 2H 2016.
- **AllianzGI – revenues reduced**
  Lower performance fees and a lower 3rd party AuM margin lead to the reduction in operating revenues.
- **PIMCO – business mix impacts 3rd party AuM margin**
  Shift in asset mix – e.g. a slightly lower share of mutual fund business – causes decrease versus 1Q 2015.
- **AllianzGI – lower 3rd party AuM margin**
  Reduced by 3.5bps, thereof 2.3bps driven by technical items, e.g. a reclassification of revenue components from AuM driven fees to other revenues. Additional impact from lower share of equity and mutual fund business.

Allianz

AM: operating profit on track

Operating profit drivers (EUR mn)

Internal growth
-17.8%



F/X impact	+20	+1	0	-9	-5	0		CIR
1Q 16	1,338[2]	52	-2	-574	-354	4		66.6%
1Q 15	1,508[2]	59	5	-649	-368	0		64.7%

1) Including operating loss from other entities of EUR -8mn in 1Q 15 and EUR -9mn in 1Q 16
2) Calculation based on currency adjusted average Allianz AuM / Allianz AuM driven margins and based on currency adjusted average third party AuM / third party AuM driven margins

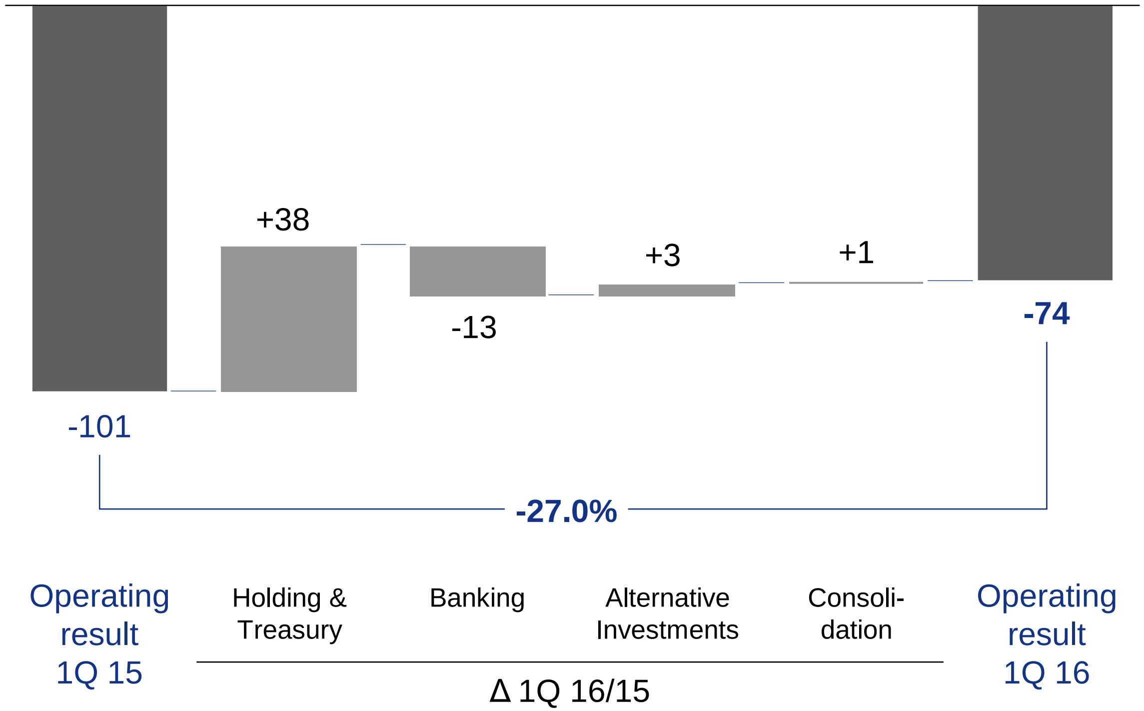
AM: operating profit on track

Comments

- **Segment – OP on track**
  OP on track to achieve full year target. Operating expenses are reduced by 9% (thereof 2% stemming from lower expenses for PIMCO retention program). Operating profit decreases nevertheless due to lower AuM driven revenues and performance fees (operating revenues -12%).
- **PIMCO – OP impacted by lower scale**
  Reduced operating expenses (-11%) do not compensate for lower operating revenues (-14%), which also impacts the CIR.
  A higher level of performance fees is expected to support CIR development in 2H 2016.
- **AllianzGI – quarterly OP again >EUR 100mn**
  Operating profit continues to be on a very good level despite turbulent markets with a negative market return on equity products. Expenses have been reduced by 4% despite business growth in recent quarters, but operating revenues lower by 6% due to high market volatility, overall causing an adverse development of the CIR.

CO: good operating result
(EUR mn)

Operating loss development and components



1Q 16	-106	19	13	0
1Q 15	-143	32	10	0

CO: good operating result

Comments

- **Holding & Treasury – lower loss**
  Improvement compared to 1Q 2015 mainly driven by better net fee and commission result. Similar to last year we recognized a positive impact of EUR 148m related to the adapted cost allocation scheme for the pension provisions between the German subsidiaries and Allianz SE.
  This effect could occur again in 1Q 2017.

- **Banking – slightly down**
  Mainly due to lower net fee and commission result in Italy, driven by lower performance fees.

Allianz

Group: shareholders’ net income up 20.5%
(EUR mn)

	1Q 15	1Q 16	Change
Operating profit	2,855	**2,756**	-100
Non-operating items	-61	**278**	+339
Realized gains/losses (net)	318	**568**	+249
Impairments (net)	-20	**-61**	-42
Income from fin. assets and liabilities carried at fair value (net)	-124	**44**	+168
Interest expenses from external debt	-212	**-207**	+5
Fully consolidated private equity inv. (net)	2	**0**	-2
Acquisition-related expenses	7	**0**	-7
Amortization of intangible assets	-28	**-29**	-2
Reclassification of tax benefits	-5	**-35**	-31
Income before taxes	2,794	**3,034**	+240
Income taxes	-858	**-740**	+118
Net income	1,937	**2,294**	+358
Non-controlling interests	115	**100**	-15
Shareholders’ net income	1,822	**2,194**	+373
Effective tax rate	31%	**24%**	-6%-p

Group: shareholders' net income up 20.5%

Comments

- **Non-operating items improved**
  Positive development driven by higher realized gains/losses, including EUR 235mn gain from a large forward sale. 1Q 2016 also includes gains from bond sales due to duration management for our pension liabilities.

- **Tax rate exceptionally low**
  Lower tax rate driven by high tax-free realized gains on equities. Normal tax rate approximately 30%.

- **Shareholders' net income up**
  Increase of 20.5% driven by better non-operating result and lower tax burden. This represents a strong start into the year, underpinning our mid-term EPS growth ambitions.

- **Outlook on net income**
  The expected closing of the sale of our Korean Life entity later this year will have a negative impact of approximately EUR 350mn. Based on today's market values we don't expect any major equity impairments in the following quarters.

2

Glossary (1)

AFS	Available-for-sale: Securities which have been acquired neither for sale in the near term nor to be held to maturity. Available-for-sale investments are shown at fair value on the balance sheet.
AGCS	Allianz Global Corporate & Specialty
AllianzGI	Allianz Global Investors
AM	Asset Management – AM segment
APE	Annual premium equivalent: A measure to normalize single premiums to the recurring premiums. It is calculated as sum of recurring premiums and 10% of single premiums.
APR	Accident insurance with premium refund: Special form of accident insurance (in German: “Unfallversicherung mit garantierter Beitragsrückzahlung” (UBR)) where the policyholder, in addition to insurance coverage for accidents (accident insurance), has a guaranteed claim to refund from premiums on the agreed maturity date or in the event of death (endowment insurance).
AuM	Assets under management are assets or securities portfolios, valued at current market value, for which Allianz Asset Management companies provide discretionary investment management decisions and have the portfolio management responsibility. They are managed on behalf of third parties as well as on behalf of the Allianz Group. **Net flows:** Net flows represent the sum of new client assets, additional contributions from existing clients, including dividend reinvestment, withdrawals of assets from, and termination of, client accounts and distributions to investors. **Market and dividends:** Market and dividends represents current income earned on, and changes in fair value of, securities held in client accounts. It also includes dividends from net investment income and from net realized capital gains to investors of open ended mutual funds and of closed end funds.
AWP	Allianz Worldwide Partners
AY LR	Accident year loss ratio – please refer to “LR” (loss ratio)
AZ	Allianz
Bps	Basis points = 0.01%

Glossary (2)

CEE	Central and Eastern Europe excluding Russia and Ukraine
CIR	Cost-income ratio: Operating expenses divided by operating revenues
CO	Corporate and Other – CO segment
CR	Combined ratio: Represents the total of acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, and claims and insurance benefits incurred (net) divided by premiums earned (net).
Current yield	Represents interest and similar income divided by average asset base at book value (excluding income from financial assets and liabilities carried at fair value); current yield on debt securities adjusted for interest expenses; current yield on debt securities including cash components.
DAC	Deferred acquisition costs: Expenses of an insurance company which are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies. These typically include commissions paid and the costs of processing proposals.
Economic reinvestment yield	The economic reinvestment yields reflects the reinvestment yield including F/X hedging costs for non-domestic hard currency F/X bonds as well as expected F/X losses on non-domestic emerging markets bonds in local currencies. The yield is presented on an annual basis.
EIOPA	European Insurance and Occupational Pensions Authority
EPS	Earnings per share: Ratio calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares outstanding (basic EPS). In order to calculate diluted earnings per share, the number of common shares outstanding and the net income for the year attributable to shareholders are adjusted by the effects of potentially dilutive common shares which could still be exercised. Potentially dilutive common shares arise in connection with share-based compensation plans (diluted EPS).
ER	Expense ratio: Acquisition and administrative expenses (net), excluding one-off effect from pension revaluation, divided by premiums earned (net).
F/X	Foreign exchange rate
FFIC	Fireman's Fund Insurance Company

Glossary (3)

FIA	Fixed index annuity: Annuity contract whereby the policyholder is credited based on movements in stated equity or bond market indices with protection of principal.
FV	Fair value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
FVO	Fair value option: Financial assets and liabilities designated at fair value through income are measured at fair value with changes in fair value recorded in the consolidated income statement. The recognized income (net) includes dividends and interest income of the financial instruments. A financial instrument may only be designated at fair value through income at inception and cannot be subsequently changed.
Goodwill	Difference between the cost of acquisition and the fair value of the net assets acquired.
Government bonds	Government bonds include government and government agency bonds.
GPW	Gross premiums written – please refer to “Premiums written/earned” as well as “Gross/Net”
Gross/Net	In insurance terminology the terms “gross” and “net” mean before and after consideration of reinsurance ceded, respectively. In investment terminology the term “net” is used where the relevant expenses (e.g. depreciations and losses on the disposal of assets) have already been deducted.
Harvesting rate	(Realized gains and losses (net) + impairments on investments (net)) / average investments and loans at book value (excluding income from financial assets/liabilities carried at fair value)
IFRS	International Financial Reporting Standards. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards will continue to be cited as International Accounting Standards (IAS).
IMIX	The Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards Inclusive Meritocracy. The internal index is subsuming 10 Allianz Engagement Survey (AES) items around leadership, performance and corporate culture.
Internal growth	Enhances the understanding of our total revenue performance by excluding the effects of foreign currency translation as well as of acquisitions and disposals.
KPI	Key performance indicator

Glossary (4)

L/H	Life and health insurance – L/H segment
L/H lines of business	**Guaranteed savings & annuities:** Guaranteed savings and annuities are life insurance obligations that always relate to the length of human life. Life obligations may be related to guarantees offering life and / or death coverage of the insured in the form of single or multiple payments to a beneficiary. **Capital-efficient products:** Products that use the general account and provide significantly reduced market risk either by full asset-liability matching of the guarantee or by significantly limiting the guarantee and hybrids investing in a separate account (unit-linked) and the general account. Capital-efficient products also have a guaranteed surrender value with limited risk, e.g. due to the implementation of exact asset-liability matching or the inclusion of a market value adjustment. **Protection & health:** Protection and health insurance covers different risks which are linked to events affecting the physical or mental integrity of a person. **Unit-linked without guarantees:** Conventional unit-linked products are those where all of the benefits provided by a contract are directly linked to the value of assets contained in an internal or external fund held by the insurance undertakings. Performance is linked to a separate account and the investment risk is borne by the policyholder rather than the insurer.
L/H OEs with RoE ≥10%	Weighted by equity (total equity excluding unrealized gains/losses on bonds (net of shadow DAC) and deducting goodwill) – please also refer to Return on equity (RoE).
L/H operating profit sources	The objective of the Life/Health operating profit sources analysis is to explain movements in IFRS results by analyzing underlying drivers of performance on a L/H segment consolidated basis. **Loadings & fees:** Includes premium and reserve based fees, unit-linked management fees and policyholder participation on expenses. **Investment margin:** Is defined as IFRS investment income net of expenses less interest credited to IFRS reserves less policyholder participation. **Expenses:** Includes commissions, acquisition and administration expenses. **Technical margin:** Comprises risk result (risk premiums less benefits in excess of reserves less policyholder participation), lapse result (surrender charges and commission clawbacks) and reinsurance result. **Impact of change in DAC:** Includes effects of change in DAC, URR and value of new business acquired. It is the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit.

Glossary (5)

LatAm	Latin America: South America and Mexico
LoB	Line of business
LR	Loss ratio: Claims and insurance benefits incurred (net) divided by premiums earned (net). Loss ratio calendar year (c.y.) includes the results of the prior year reserve development in contrast to the loss ratio accident year (a.y.).
MCEV	Market consistent embedded value: A measure of the consolidated value of shareholders’ interests in the covered business. It is defined as the excess of market value of assets over market value of liabilities as of valuation date. Therefore, MCEV excludes any item that is not considered shareholder interest such as the Going Concern Reserve and Surplus Fund.
NatCat	Accumulation of claims that are all related to the same natural or weather / atmospheric event during a certain period of time and where AZ Group's estimated gross loss exceeds EUR 20mn if one country is affected (or EUR 50mn if more than one country is affected); or if event is of international media interest.
NBM	New business margin: Performance indicator to measure the profitability of new business in Life/Health. It is calculated as value of new business divided by present value of new business premiums.
Non-controlling interests	Parts of the equity of affiliates which are not owned by companies of the Allianz Group.
NPE	Net premiums earned – please refer to “Premiums written/earned” as well as “Gross/Net”
NPS	Net promoter score: A measurement of customers’ willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross industry standards and allows benchmarking against competitors in the respective markets.
OE	Operating entity

Glossary (6)

OP	Operating profit: Earnings from ordinary activities before income taxes and non-controlling interests in earnings, excluding, as applicable for each respective segment, all or some of the following items: Income from financial assets and liabilities carried at fair value (net), realized gains/losses (net), impairments on investments (net), interest expenses from external debt, amortization of intangible assets, acquisition-related expenses, one-off effects from pension revaluation and income from fully consolidated private equity investments (net) as this represents income from industrial holdings outside the scope of operating business.
Own funds	Regulatory solvency capital eligible for covering the regulatory solvency capital requirement.
P/C	Property and casualty insurance – P/C segment
PHP	Policyholder participation
PIMCO	Pacific Investment Management Company Group
Premiums written/earned (IFRS)	Premiums written represent all premium revenues in the respective year. Premiums earned represent that part of the premiums written used to provide insurance coverage in that year. In the case of life insurance products where the policyholder carries the investment risk (e.g variable annuities), only the part of the premiums used to cover the risk insured and costs involved is treated as premium income.
PVNBP	Present value of new business premiums: The present value of future premiums on new business written during the period discounted at reference rate. It includes the present value of projected new regular premiums plus the total amount of single premiums received.
Reinsurance	An insurance company transfers part of its insurance risk assumed to another insurance company.
Retained earnings	In addition to the reserve required by law in the financial statements of the Group parent company, this item consists mainly of the undistributed profits of Group entities and amounts transferred from consolidated net income.
RfB	Reserves for premium refunds (“Rückstellung für Beitragsrückerstattung”): That part of the surplus to be distributed to policyholders in the future. This refund of premiums is made on the basis of statutory, contractual, or company by-law obligations, or voluntary undertaking.

Glossary (7)

RoE	**Return on equity Group:** Represents net income attributable to shareholders divided by the average shareholders' equity excluding unrealized gains/losses on bonds (net of shadow DAC) at the beginning and at the end of the period. **Return on equity L/H OE**: Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow DAC) and deducting goodwill at begin of the period and at end of the period.
RoRC	Return on risk capital
Run-off ratio	Run-off ratio is calculated as run-off result (result from reserve releases in P/C business) in percent of net premiums earned.
SII	Solvency II
SII capitalization	Ratio indicating the capital adequacy of a company comparing own funds to SCR
SCR	Solvency capital requirement
SE	Societas Europaea: European stock company
Share of new digital retail products	New digital products are conveniently available online at each step of the customer journey, i.e. fast quote, easily purchasable online, online serviced (incl. policy correspondence, policy admin, claims). In scope is P/C retail and small and medium-sized entities, all channels. The share of products is weighted by revenues.
Statutory premiums	Represent gross premiums written from sales of life insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
Total equity	Represents the sum of shareholders' equity and non-controlling interests.
Total revenues	Represent the sum of P/C gross premiums written, L/H statutory premiums, operating revenues in AM and total revenues in CO (Banking).

Glossary (8)

UFR	Ultimate forward rate: The estimate of the ultimate forward rate is defined in line with the EIOPA methodology and guidelines. An extrapolation is needed past last available market data points. The UFR is determined for each currency using macro-economic methods, the most important factors being long-term expected inflation and real interest rates. Although the UFR is subject to revision, it should be stable and only change when there are fundamental changes to long-term expectations.
UL	Unit-linked – please refer to “L/H lines of business”
Unrealized gains/losses (net) (as part of shareholders’ equity)	Include primarily unrealized gains and losses from available-for-sale investments net of tax and policyholder participation.
URR	Unearned revenue reserve: The unearned revenue reserve contains premium components referring to future periods, which are reserved and released over the lifetime of the corresponding contracts.
VA	Variable annuity: The benefits payable under this type of life insurance depend primarily on the performance of the investments in a mutual fund. The policyholder shares equally in the profits or losses of the underlying investments.
VNB	Value of new business: The additional value to shareholder created through the activity of writing new business. It is defined as present value of future profits after acquisition expense overrun or underrun, minus time value of financial option and guarantees, minus risk margin, all determined at issue date.

Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

Forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events) (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

No duty to update

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.